



To: Mayor Marcuccio and Members of the Rockville City Council

From: Daniel Outen, Tony Greenberg, and Pat Harris

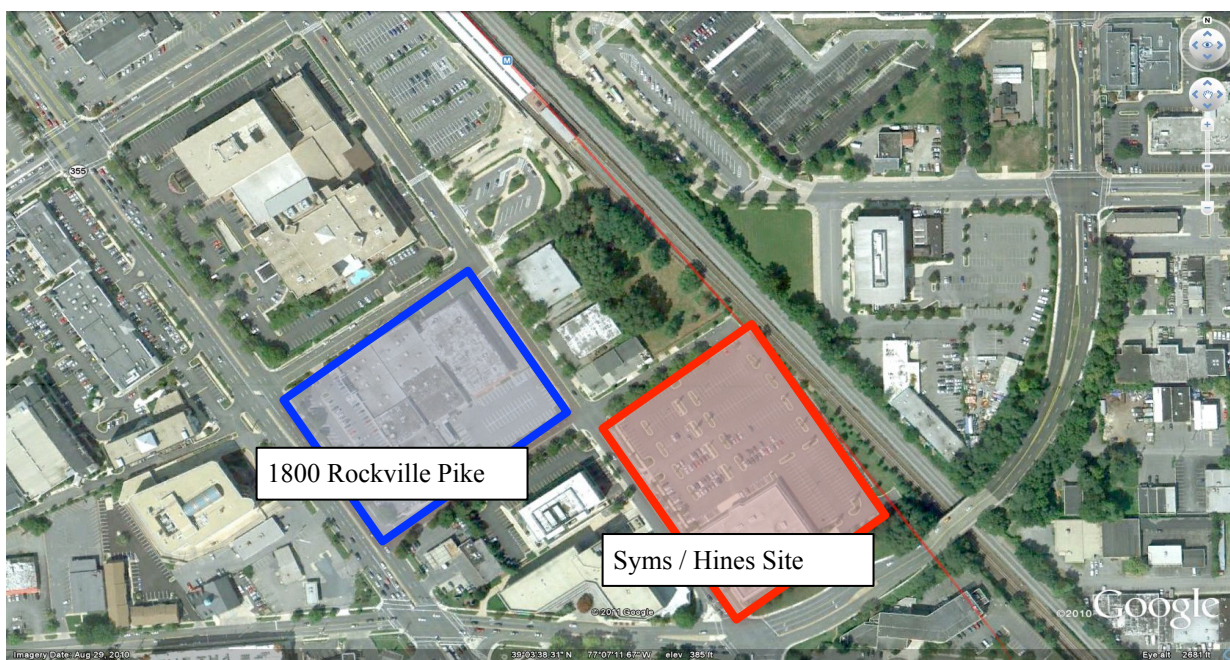
Date: April 22, 2011

Re: Implication Analysis - Zoning Text Amendment

In the following memo, 1800 Rockville Pike (JBG), Rockville Town Center II (JBG), and the Syms Site (Hines) have been preliminarily examined to illustrate the implications associated with the ZTA introduced on February 11th, 2011.

Under the existing method and as each of the projects are currently planned, 1800 Rockville Pike and Rockville Town Center II would both require Project and Site Plan scoring 17 and 18 points respectively. The Syms site, however, would score 12 points and, accordingly, only be required to submit a Site Plan.

If the Zoning Text Amendment were adopted, Rockville Town Center II would still be required to submit both Project and Site Plans (scoring 18 points) while 1800 Rockville Pike and the Syms Site would only be required to submit a Site Plan (scoring 12 and 15 points respectively).



As testified at the public hearing, proposed development projects which simply apply the existing Zoning Ordinance code requirements (which the Mayor and Council approved and adopted), should not trigger Project Plan review. The Mayor and Council's time and focus should be spent on legislative and policy issues, not on administering existing code provisions. A total point count greater than 16, which is the case of The Rockville Town Center II site with 18 points, is an indication that a project is of a scope and magnitude to require Mayor and Council review and consideration. In contrast, the 1800 Rockville Pike site, which would generate only 15 points under the proposed ZTA, is an infill development project, which involves strict compliance with the requirements of the zone. Importantly, if the Mayor and Council vote to support Staff's proposal to increase the point trigger for Project Plan review from 13 points to 16 points, projects under 16 points will continue to be thoroughly evaluated by the Planning Commission through the Site Plan process, which requires comprehensive public outreach, Staff review and analysis, and at least one public hearing before the Planning Commission.

In evaluating the legitimacy and intent of the current 13 point Project Plan trigger, it may be helpful to consider the extent to which the proposed 1800 Rockville Pike development would need to reduce its development program in order to eliminate Project Plan review. The 1800 Rockville Pike project would need to either: 1) Reduce the number of residential units from the proposed 345 units to a total of five or less units; 2) reduce the nonresidential square footage from the proposed 99,400 square feet to less than 5,000 square feet; 3) reduce the total units to 50 or less units and reduce the nonresidential to less than 50,000 square feet; 4) reduce the total number of units to less than 150 and reduce the nonresidential to less than 10,000 square feet; or 5) a combination of alternatives 1) through 4), recognizing that the points for Traffic Impact would decrease as the residential and nonresidential density decreases. In considering these less than desirable options, it is important to note that there is 97,000 square feet of retail currently on the site, for which no credit is received, under the current point system.

Lastly, the negative impact of a 6-12 month delay associated with Project Plan review would literally cost millions of dollars:

- Direct personnel, administrative, and legal costs: \$50,000 - \$60,000 per month
- Opportunity cost because of planned redevelopment: required to keep space vacant or lease below market rate due to the inability to execute long-term leases. For example, the former Scan space (40,000 square feet) incurs operating costs between \$400,000 and \$800,000 annually.
- Carrying costs of equity alone: 15%-20% per annum.
- Market risk increased: inability to secure an anchor tenant with delivery so far in the future. With development contingent on an anchor tenant, and anchor tenants unwilling to commit so far in advance, Project Plan review creates a catch-22 essentially preventing redevelopment.

	Syms Site (Hines)			1800 Rockville Pike (JBG)			Rockville Town Center II (JBG)		
	#	Existing Points	Proposed Points	#	Existing Points	Proposed Points	#	Existing Points	Proposed Points
Tract Size - Acres	5.1 acres	4	4	3.2 acres	3	3	7.2 acres	4	4
Dwelling Units	400	4	4	345	4	4	325 to 500	4	4
Square Footage of Non-Residential Space	4,500 SF	1	1	99,400 SF	4	3	200,000	4	4
Residential Area Impact	See Chart	1	1	See Chart	2	1	See Chart	2	2
Traffic Impact - Net New Peak Hour Trips	150 or more	2	2	150 or more	4	4	150 or more	4	4
Total Points		12	12		17	15		18	18
Required Approvals		Site Plan	Site Plan		Site Plan + Project Plan	Site Plan		Site Plan + Project Plan	Site Plan + Project Plan

* Some figures have been estimated on indications from owner

Existing

Estimated Points Total:

To complete the table below, use the information that you provided above to calculate your total points from the chart below.

Points/Elements	1	2	3	4
Tract Size - Acres	1 or fewer	1.1 to 2.5	2.6 to 5	5.1 or greater
Dwelling Units	5 or fewer	6 to 50	51 to 150	151 or greater
Square Footage of Non-Residential Space	5,000 or fewer square feet	5,001 to 10,000 square feet	10,001 to 50,000 square feet	50,001 or greater square feet
Residential Area Impact	No residential development in a residential zone within 1/4 mile of the project	35% of area within 1/4 mile of the project area is comprised of single-unit detached residential units	65% of area within 1/4 mile of the project area is comprised of single-unit detached residential units	Development is within single-unit detached unit area
Traffic Impact - Net new peak hour trips	Fewer than 30 trips	30-74 trips	75-149 trips	150 or more trips

Points Total*

The total of the points determine the level of notification and the approving authority .

Proposed

ZTA Introduced February 14, 2011

Points	1 ¹	2	3	4
Elements				
Tract size - Acres	1 or fewer	1.1 to 2.5	2.6 to 5	5.1 or greater
Dwelling Units	1 to 5	6 to 50	51 to 150	151 or greater
Square Footage of Non-Residential Space	5,000 or fewer square feet	5,001 to 25,000 square feet	25,001 to 100,000 square feet	100,001 or greater square feet
Residential Area Impact	Up to 10% residential development in a single dwelling unit residential zone within 1/4 mile of the project	Up to 50% of area within 1/4 mile of the project area is comprised of single-unit detached residential units	Up to 75% of area within 1/4 mile of the project area is comprised of single-unit detached residential units	Development is within single-unit detached unit area
Traffic Impact - Net new peak hour trips	Fewer than 30 trips	30-74 trips	75-149 trips	150 or more trips